

Consumer Alert

Providing consumers with knowledge to make informed decisions

A Publication of the South Carolina Department of Consumer Affairs

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Consumer Crusader Says:



It is against the law to demand payment for unordered merchandise. If unordered items such as key rings, stamps, greeting cards, or pens are enclosed with an appeal letter, remember you are under NO

Consumer Alert:

A Publication of The South Carolina Department of Consumer Affairs – Public Information and Education

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Soliciting An Advance Fee In Order To Get A Loan Is Illegal

Need a little extra cash this holiday season? Don't pay for a promise. It is illegal for companies doing business by phone or through ads in local or national newspapers to promise you a loan and ask you to pay for it before they deliver.

A different breed of "loan shark" is preying on unwary consumers taking their money for the promise of a loan, credit card or other types of credit. **Advance fee loan** scams target individuals who are having difficulty obtaining credit or cash.

Consumers are most often lured to advance fee loans by advertisements and direct mail pieces that promise "guaranteed" loans or credit card approval, regardless of the applicant's credit history. The catch is that you must pay an advance fee to receive the loan or credit card, but often, the loan or credit card does not materialize. In fact, often all the consumer receives is an application for the loan or credit card. The loan broker then pockets the advance fee and makes little to no effort to find the funds that they guaranteed.

If you cannot obtain money or credit from conventional sources close to home – such as banks and credit unions – it is unlikely to be found through a classified advertisement, a brochure, a 900 number, or a telemarketing call. **Think:** Why would a far-away loan lender be more likely than a local financial institution to loan you money?

"If somebody tells you that they're certain they can get you a loan and charge in advance, that is prohibited by the Telemarketing Sales Rule," according to Steve Baker, the FTC's Regional Director in Chicago. Department. Collecting advance fees are also prohibited under South Carolina law.

Helen Fennell, the Department's chief enforcement attorney, has filed an action against First Freedom Financial & Gregg Holloway of Charleston, alleging violations of the prohibition on advance fees when assisting someone in obtaining a loan or line of credit under the South Carolina Loan Brokers Act. The suit also alleges violations of the unconscionable debt collection provision of the South Carolina Consumer Protection Code and provisions of the Unfair Trade Practices Act.

**If you have been a victim or want more information contact:
The South Carolina Department of Consumer Affairs
1-800-922-1594**

Participate In Upcoming Events



www.lifesmarts.com

Who: Life Smarts is open to all teens in the 9th through 12th grade. All participants must have an adult coach.

What: The South Carolina Department of Consumer Affairs is pleased to invite you to participate in the educational game show competition **"LifeSmarts...The Ultimate Consumer Challenge,"** which teaches high school students about consumer and marketplace issues. This competition, sponsored by the National Consumers League, offers students of all abilities an opportunity to demonstrate their understanding and knowledge of real-life marketplace issues and challenges in four (4) key consumer areas:

- Personal Finance
- Health and Safety
- Environment and Technology
- Consumer Rights and Responsibilities

When: Online Competition: September 24 -January 25, 2002
 South Carolina Competition (Columbia): March 1, 2002
 National Competition (Arlington, VA) April 13-16, 2002

For more information contact::

Sherry King at S.C. Dept of Consumer Affairs

Phone: 1-800-922-1594 or 803-734-4195

Email: king@dca.state.sc.us



The **"Be Smart"** Program is a coordinated effort between the Department of Consumer Affairs, the Department of Health and Human Services, Clemson Extension, and Central Midland Council of Government.

This partnership was created to **educate seniors** on how to recognize and protect themselves from consumer/Medicare fraud and how to establish/maintain a record keeping system for medical and financial matters. The program will travel to 23 senior centers in Richland and Lexington counties from November 2001 to February 2002. For more information on how to get **"Be Smart"** in your county/center, contact:

♦ Sherry King – SCDCA –1-800-922-1594

♦ Deon Leggette – Clemson Extension Service – (803) 359-8515

Think Before You Give

With the season of giving just around the corner as well as the recent misfortunes of our country, it is no surprise that charitable giving is on the rise. The South Carolina Department of Consumer Affairs wants to warn you, however, that there are con artists out there working against you. The Department has devised ***a list of tips to protect yourself when you make a donation to charities.***

Checklist:

- Ask questions. Before you give, take a moment to ask the right questions about the charity.
- Do not give cash and make your check payable to the organization, not the individual collecting the donation.
- Keep records of your donations (i.e. receipts, canceled checks, and bank statements) so you can document your charitable giving during tax season.
- Understand the difference between "tax exempt" and "tax deductible" prior to making a contribution to charity. *Tax exempt* means the organization does not have to pay taxes. *Tax deductible* means you can deduct your contribution on your federal income tax return. **REMEMBER:** Even though an organization is tax exempt, your contribution may not be tax deductible.
- Don't be fooled by names that look similar to well-known organizations. You can check with the Secretary of State's Office at (803) 734-2170 to see if the organization is a registered not-for-profit organization.
- Direct mail pieces should identify the charity and clearly describe the charity's mission and purpose. Be wary of direct mail pieces that bring tears to your eyes, but tell you little about the charity.
- Ask for the charity's full name and address. Demand identification from the solicitor. With this information you could do research or write them a letter of request to stop solicitation on you.

Happy Holidays from The South Carolina Department of Consumer Affairs!!